



Transcript – Innes Willox, Chief Executive, Australian Industry Group

Interview with Kieran Gilbert, Sky News, 4 December, 2024

Reaction to [National Accounts Data](#), September quarter

Willox: It's a pretty dispiriting set of numbers, disheartening set of numbers really. What we are seeing is the slowest annual growth since the early 1990s, 35 years ago, apart from the pandemic – we have had the slowest growth since 2020. So, our economy is slowing. You take out the massive increase in government spend since June, in the quarter we are talking about, it is clear the non-government sector of the economy, the private sector, is in contraction and you could then argue it is in recession. The government would argue they are holding up the economy through government spend at the moment but what we have seen since June is a 17 per cent reduction in tax receipts and a three per cent increase in government spend. Those numbers don't add up and that's not a productive spend overall. We see that through the economy, which is really slowing.

Gilbert: Counter to that, without this public demand, that unemployment would be higher?

Willox: Without that public spend, there is no doubt. There is a big transfer between the private sector and the public sector at the moment. The unemployment level is flat, around 4.1%, but within that employment market, there's a big transfer and the private sector is shedding jobs to the public sector, which is picking up jobs. But are they the productive jobs we want? We have seen this huge increase in government spend, particularly in Victoria and Queensland, in the lead up to their election, and the Victorian government spending a lot of money on infrastructure. That's really changing the weight and balance of the economy at the moment and you can see that starting to flow through this data.

Gilbert: Does this mean the RBA needs to cut rates sooner?

Willox: The RBA is going to look at this data and see what the strength of the economy is. The reality is the economy is a bit all over the place because of that government spend distorting it. With household savings, it looks like they have spent it in October

and November. Retail sales look strong for Black Friday, so where the economy is at is going to be a pretty hard exercise for the RBA to work through.

Gilbert: They are probably looking through this number for February?

Wilcox: It will be a very important number to where the RBA goes on rate relief, but the RBA goes on long-term trends. They don't just look at one number, they look at long-term trends and they have reiterated that. The real problem we have here for the economy is that the private sector, which is the engine room of the economy, is slowing quite dramatically.

Gilbert: The consumer part of the economy has contracted for seven straight quarters – in people's daily lives, it feels like a recession?

Wilcox: If it walks like a duck, talks like a duck, it's a duck. So, for a lot of people, they feel like they're in a recession, a lot of components of the economy feel like they are in recession and have done for some time; construction, retail in particular, mining are reporting they're going backwards as well, they're softening.

Gilbert: The retail number last week, was that just a blip?

Wilcox: It was counter to what we've seen in the past, so this might be an accumulation of people using the money they have received through the government rebates, to spend. Does that turn into a trend? Too early to tell. The fact is, Kieran, that households are feeling a lot of pain, the economy is going backwards, we are seeing a lot of cost of living pressure on households, and cost of business pressure on businesses.